WD2239.B490.

App.F.IX-4]

1924-5

File No. G.F. 36-24.

Previous References. (G.F.)

Serial Nos. 24 & 25.

Supplement to Mysore Gazette dated 19th March 1925.

Later references.

G.F 44-25-9 & 12.

G.F. 41-27. 3 & 6

GENERAL & REVENUE SECRETARIAT

Serial Nos. 2.

P) 23/(1) **Part B for** May 1925

SUBJECT

Forwards for the Consideration of Government a copy of Resolution No. 7. passed at a Meeting of the Insurance Committee held on 25th April 1925.

Secs. 25. To. The Secretary Mysore State Life Insurance Committee
The Comptroller to Government.
The Compiler, Mysore Gazette.

No. H. 6452-4 dated 28th May 1925

States that the amendment of section 60 of the Civil Procedure Code as recommended by the Select Committee has been approved by the Legislative Council and the Continuance of the protection

P.T.O.

now afforded to the optimal insurance of the Official Branch is therefore not therefore possible. Optimal insurance in this branch is therefore withdrawn and the Rules may be amended accordingly.

AP
3/7

DIARY NO. 3086 B193
19 — 19
Section
File No.

Serial No.

The Select Committee of the Legislative Council appointed to consider the Bill further to amend the Civil Procedure Code, has recommended that the privilege of exemption from Court Attachment should be withdrawn in respect of optional insurance of the Official Branch. Vide copy of the Committee's report and Section 60 of the Civil Procedure Code as proposed to be amended.

In all probability, the recommendation of the Select Committee will be accepted by the Legislative Council as the proposal to withdraw the concession from optional insurance cannot be considered unreasonable. In view of this amendment of the Law, some practical questions arise for consideration by the Insurance Office. How should the optional part of a policy amount be separated from the obligatory part? When the pay of an officer who has insured for an optional premium increases, a part of his optional insurance takes the character of the obligatory part and in such a case, the optional insurance is such only for a limited period.

The value of assurance varies according to the age of the ~~assured~~ Insured, and the determination of what part of a ~~mixed~~ mixed optional and compulsory insurance should be regarded at any time as optional is a problem which presents practical difficulties in working. The procedure of issuing a separate policy for optional premium is unlikely to solve all the difficulties

Note Cont. Sheet

difficulties that are likely to be felt. Whether the separation of optional from obligatory insurance is possible at all, or, if possible, whether Actuarial advice is necessary in each case or otherwise for such separation or, whether in view of the difficulties of working the arrangement, it is not desirable to diaallow optional insurance altogether, are points for consideration.

Serial No.

I shall be obliged if the Secretary and the Deputy Secretary will express their views and also obtain the opinions of the Members of the Insurance Committee.

H.W.Co.Secy
1917/4/25

Dupl
17.2.25
ind

V
18.7.25
No 16703 dy 2.5.25 from the Secy Ins. Committee furnishing reply to the above note.

The opinions of the Dy Secy, Secy & the members of Insurance Committee are contained in the enclosure to the p. 2nd. There is a unanimity of opinion that the protection afforded to the Optional Insurance should not be withdrawn, as adumbrated in the Resolution. This view strikes at the very root of the amendment itself. But the practical difficulties pointed out for the working of the amendment are all indefeasible & are as follows

(1) In the Official Branch, the officers insure for a premium more than 1/10th of their pay, to save themselves the trouble of sending up further proposals & undergoing pre-sent medical Examinations, whenever their pay increases. In such instances

NOTE—Contn. Sheet

Serial No.

a Separate policy has to be issued in respect of the premium not covered by the 1/10 th rule & that policy alone has to be made attachable. Again this 'optional policy' has to be amendered every time the pay increases and at every such time a portion of the optional premium will go into the scale of the Compulsory. This Course is on the face of it impracticable as the Complications & the Consequent Confusion far outweigh the advantages, if any, of the Amendment.

(2) The fact that an Officer's pay is not a Stationary factor is responsible for all the difficulties anticipated in the working of the amendment. The policies do not disclose separately the Sums representing either Compulsory or optional portions, and it is difficult to determine the optional portion at ~~any~~ given for all time on account of the varying Character of the pay.

(3) The amendment authorises the holder of the policy to assign the optional portion of it to any Creditor, while, according to the Note Overleaf

difficulties that are likely to be felt. Whether the separation of optional from obligatory insurance is possible at all, or, if possible, whether Actuarial advice is necessary in each case or otherwise for such separation or, whether in view of the difficulties of working the arrangement, it is not desirable to disallow optional insurance altogether, are points for consideration.

Serial No.

I shall be obliged if the Secretary and the Deputy Secretary will express their views and also obtain the opinions of the Members of the Insurance Committee.

N.W.Co.Sep.24
H17/24

Simla 17.2.25 V 18.7.25

The opinions of the Dy Secy, Secy & the members of the Insurance Committee are contained in the enclosure to the P.W.D. No 16703 dy 2.5.25 from the Secy Ins. Committee furnishing reply to the above note.

There is a unanimity of opinion that the protection afforded to the Optional Insurance should not be withdrawn, as adumbrated in the Resolution. This view strikes at the very root of the amendment itself.

But the practical difficulties pointed out in the working of the amendment are all indefeasible & are as follows

(1) In the Official Branch, the officers insure for a premium more than 1/10th of their pay, & save themselves the trouble of sending up further proposals & undergoing frequent medical Examinations, whenever their pay increases. In such instances

NOTE—Contn. Sheet

rules, only Nominations and not assignments
can be registered. So long as the optional
portion of a policy cannot be definitely
determined, as long there can be no
guarantee whether the policy holder
refrains from assigning the Compulsory
portion. There will thus be an inevitable
disagreement between the assignment
as registered in the Insurance Office,
if such a registry is possible at all,
and that actually made by the policy
holder.

It will thus be seen that the amendment
is inherently impracticable on all sides.
Should it be decided that the amendment
has to be accepted, as apparently it
will be by the L.C. on the Select Committee's
recommendation, the difficulties cited
above will have to be obviated in
some manner. The only way by which
they can be removed is by the
total stoppage of the optional scheme.

It is well to consider
~~whether~~ to what extent such
a Course could be reckoned as
useful & profitable. As for its
practicability, there can be no question.
It is only its utility that is doubtful.
The underlying principle of the State Life
Insurance Scheme is that the Servants
of Govt should not find themselves

NOTE—Contn. Sheet

Serial No

Stranded at their retirement but should have a decent provision to fall back upon, for themselves and their family. The distinguishing feature of the State Life Scheme as different from other Govt. Institutions lies in the fact that Govt themselves are managing this former taking on themselves the gracious role of a patron to their servants not only during their service but even afterwards. This grand object reflects the highly exalted benevolence of Govt and governs the whole of Scheme of Insurance. The withdrawal of the Concession of optional insurance directly clashes with this object and tantamounts to a glaring inconsistency in the policy once launched forth by Govt. It will be a distinct sacrifice upon interests of the insured by Govt servants as for every proposal for further insurance, Medical fees have to be paid to the Examining Medical officers & Senior Surgeon, thus entailing on the Insurance Fund an avoidable depletion, not to speak of the extra work that might fall on the Insurance Office & upon Govt

—ships

NOTE—Contn. Sheet

Serial No

When the amendment of Section 60 of the Civil Procedure Code was under consideration by the Legislative Council with a view to withdraw the privilege of exemption from Court attachment which that Section, as it now stands, gives to the amounts of policies of the Public Branch taken by Government Officers, the non-official members of the Council raised the question why the optional part of the official insurance of Government Officers should enjoy such privilege. It was settled in the Council that this point might be considered by the Select Committee.

The non-official members of the Select Committee were unanimously of opinion that the exemption from Court attachment should be strictly limited to the obligatory part of insurance of Government Officers in the Official Branch and that it should on no account be allowed to optional insurance in that branch. The late First Member who was the Chairman of the Select Committee admitted the correctness of this view. I was also of the opinion that the contention of the non-official members was reasonable. There was, accordingly, a unanimous report of the Select Committee against the continuance of protection to the optional part of insurance of the official branch.

The Section as redrafted by the Select Committee was also passed at the last Session of the Legislative Council.

This amendment raised some practical questions

F

Serial No.

questions for consideration by the Insurance Office and I accordingly invited the opinions of the members of the Committee in my note dated 17th February 1925. All the members -- they are all officials -- are of opinion that protection to the optional insurance should be continued. The matter was discussed at the last meeting of the Insurance Committee and the official members present ~~then~~ again urged the same view. Accordingly, a Resolution was passed by the Committee to say that the protection should not be withdrawn. This Resolution has now come up for the orders of Government.

I do not think it is possible to accept the recommendation of the Insurance Committee. The view of the non-official members of the Legislative Council cannot be held to be unreasonable, and that view has already been accepted by the whole Legislature Council. ~~Should~~ If the protection should be continued, Government ~~will~~ would have to introduce a fresh Amending Bill to reverse the decision arrived at at the last Session of the Council. I do not think it is advisable to make this matter an important Government measure of legislation and oppose the very clearly expressed views of the non official members of the Council.

In view of the practical difficulties of permitting ~~on~~ the official branch ~~side~~, two kinds of insurance, one entitled to exemption from Court

Serial No.

Court attachment and another not, the only course open is not to permit optional insurance at all on the official side. A draft is accordingly put up.

OFFICE. REGD. 20 MAY 1925 Reg. No. 8702

DEWAN.)

I agree. Maybe I think I like the members get before issue

Forwarded with compts to the Chief Secy

(1st & 2nd members.)

23/5/25

I agree

I agree

Financial Secretary with Compts.

Some advance

NOTE—Contn. Sheet

OFFICE OF THE SECRETARY,
MYSORE STATE LIFE INSURANCE COMMITTEE,

No. 16703
to one file

Bangalore, dated 1st May 1925.
2-5-25

From
T. SATYARAJ CHETTY, Esq., B.A.,
Secretary, Mysore State Life Insurance Committee,

DIARY NO. 493
1924 — 1925
Bangalore Section. GF
File No. 36-24
Serial No. 24

To
Rajakaryaprasakta
L. N. KRISHNA RAO, Esq., B.A.,
Financial Secretary to the Government
of His Highness the Maharaja of Mysore,
B a n g a l o r e.

Sir,

In continuation of my letter No.14640, dated 21st/25rd March 1925, I have the honour to forward herewith for the consideration of Government a copy of Resolution No.7. passed at a meeting of the Insurance Committee held on 25th instant.

The entire file of papers on the subject is herewith sent for reference and obliging return.

I have the honour to be,
Sir,
Your most obedient servant,

T. Satyaraj Chetty
SECRETARY,
Insurance Committee.

Enc.

Proceedings of the meeting of the Mysore State Life Insurance Committee held on 25th April 1925.

....

Public Branch.

.....

X X X X

VII. Consideration of the report of the Select Committee of the Legislative Council in the matter of amending Clause (p) Section 60 of the Civil Procedure Code.

Resolved that the Government be moved not to withdraw the protection now afforded to optional insurance.

X X X X

"C O P Y"

DEPUTY SECRETARY.

SV.

The main justification for Government undertaking insurance/in respect of its servants lies in the fact that they have recognised it as their responsibility to encourage thrift among its servants and to see that the survivors of their deceased servants are not left destitute but are properly provided for, and optional insurance has been kindly allowed so that a Government servant may invest whatever he can save, for the use of his family instead of spending it otherwise.

compulsory as well as optional

It is now proposed, in the interests of the creditors, to withdraw the privilege of exemption from Court attachment, so far as it relates to the Insurance amount represented by the Optional premiums. The Deputy Secretary has clearly pointed out how it will be impracticable to work the scheme if the proposed measure becomes law. When once a public servant earmarks so much of his income for paying premiums (compulsory or optional) to serve as a provision for his family, he ought not to be allowed to become indebted to an extent that would deprive his family of any portion of the provision intended for their benefit.

The creditors can have no cause to grumble. When once they know that insurance amount is no security for debt, they will take care to require from the borrower other secutiry than the amount earmarked for the maintenance of family or as old age provision. The borrower too, unless he has other assets to fall back upon, will be forced to avoid borrowing, or at least not to run into debt beyond his means. Things will adjust themselves in the right way, when once the law is understood by the lendong and the borrowing world.

Where revenue to Government is concerned, they have not made any distinction between compulsory and optional premiums, but have equally exempted both from liability to

income-tax. The same principle should, in my humble opinion, be applied to the Insurance secured by both the kinds of premiums and the Insurance amount, whether compulsory or optional, should be equally exempted from court attachment.

Bangalore,

18th April 1925

Senior Surgeon.

42

In view of the fact that the Insurance Scheme exists solely for the benefit of the family during the old age of the individual or after his death, the amendment proposed to bring the optional portion of Insurance subject to attachment should be opposed though it has been recommended by the Select Committee. The working difficulties resulting therefrom have been detail ed in Deputy Secretary's note. The subject may be discussed at a meeting.

Bangalore,
18th March 1925.

The difficulties in working and the arrangement appear to be so great that in case the amendment comes to be accepted and passed, it may be advisable to withdraw the privilege of optional insurance altogether. The amendment is not one worthy of acceptance, I think.

18-3-25

May be discussed at a Meeting. As at present advised, I am not in favour of the amendment

20/3/25

I am of the same opinion.

I agree
B
31-3-25

26/3/25

(42)

N O T E.

REFERENCE:-- President's kind remarks regarding the report of the Select Committee of the Legislative Council appointed to consider the bill further to amend the Civil Procedure Code in regard to the privilege of exemption from Court attachment of the assured sum covered by optional insurance in the Official Branch.

****

The proposed amendment confers on the creditor of an insured the privilege of attaching the vested right of the holder in his policy at any time after its issue, in respect of the sum covered by the optional - premium. As kindly observed by the President, the optional portion in most cases is likely to undergo a series of changes from the time of the issue of the policy to the time of its becoming a claim by maturity, death or surrender. Till such an event happens, however, the attachment will not be operative. By the time it becomes a claim, the optional portion would have been, in all probability, absorbed in the compulsory part of it; for, in the majority of instances, it is observed that optional insurance is effected merely to avoid frequent repetition of medical examination on each and every occasion of an increase in one's salary. There are also cases where the proposer is likely to reach a salary as would require him eventually to insure for the further sum covered by optional premium so that in the majority of cases, the optional would have been treated as compulsory by the time the policy becomes a claim.

Even now it is doubtful whether the object aimed at by the Legislature can be secured. It is -

always open to the holder of a policy to withdraw the optional portion at any time he wishes to do so by accepting only surrender value and in such a case the decree holder cannot but be satisfied with the surrender value only as under the existing rules, the decree-holder cannot be permitted to pay a part of the premium and keep the policy alive, as premia in the case of Government employees are always deducted from their pay so long as they are in Government service.

In case, the amendment is to be passed, the difficulties that may arise in the course of executing court orders will be manifold. Removal of one kind of disability felt only by one particular class of people--the money - - lenders-- leads to the creation of hardships, miseries and any number of practical difficulties, in so far as the settlement of claims becomes a difficult task involving unnecessary correspondence, labour and consequent delay, thu frustrating the end and aim of insurance which is solely intended for the benefit of the family of a Government - - employee.

A few of the very many difficulties that may arise by the proposed change which are striking enough are mentioned below to show how impracticable it is to meet the requirements of law.

The policies do not disclose separately the sums representing either compulsory or optional portions and even if such particulars are attempted to be furnished in the policies, as they are liable to vary from time to time it is not practicable to effect subsequent changes in the policies when once they are issued to the parties. Even

the court or the party desiring to attach the optional portion will not be in a position to know definitely the sum to be apportioned as representing the optional premium, much less the Insurance Office will be able to undertake such a task and apportion the sum assured between the compulsory and the optional as it is no concern of the Insurance Office to keep a record of the pay that the insured may be in receipt of at the time of attachment or at the time when the policy becomes a claim. All that the Insurance Office does is to ascertain the pay drawn by the insured at the time of insurance and this being in no way constant, it will be quite different from what it will be at the time of attachment.

The issue of a separate policy for optional portion is also impracticable as at every subsequent increase of pay of the holder, it has to be surrendered for separation of obligatory from optional. These complications lead to endless confusion and much unnecessary work, perhaps quite inadequate to the advantages contemplated, will have to be faced by this office in introducing very many changes in the office procedure as regards the maintenance of accounts, registering policies, recording pay of individuals, etc.,

If in view of the fact that the change is likely to land both the insured and the Insurance Office in trouble, it is considered that the benefit of optional insurance so benevolently conferred by Government on its employees should be withdrawn and only compulsory insurance should henceforward be the object of the State Life Insurance (Official Branch), it may be argued that such a course would lead to a heavy increase in the number of cases under further insurance which again involves the question of cost by way of medical fees to be paid by the Insurance Office, the extra work consequent on the issue of a numb r of

policies for petty sums on each occasion of an increase to the salary of an employee, not to speak of the hardships inconvenience and journey expenses which the employee himself has to undergo for appearing before the examining Medical Officer almost every year, as pay of many of the appointments are progressive.

Incidentally it may also be remarked that the change gives a right to the holder of a policy to assign optional portion of it in favour of any of the creditors. As our rules stand, provision is made only for registry of nominations and not assignments. The same reasons which render attachment difficult hold good in the case of assignments also and unless the optional sum assured can be finally determined, no assignment can be registered in the books. Thus there are chances of nominations as registered in our office conflicting with the assignments which are likely to be made by the holder.

Clause (2) of the proposed amendment implies that nomination will not be valid in respect of optional sum assured.

Clause (1) of the proposed amendment leaves the situation unaltered in the case of insurances ~~and~~ effected in the Official Branch prior to the date of passing the contemplated regulation but whether the same exemption is extended to the policies now held by Government employees in the Public Branch has to be made clear. The amendment of the main proviso (p) refers, however, only to cases of insurance in the Official Branch but as the proviso now stands, the concession applied even to the Public Branch.

22.2.25

In the above note the Deputy Secretary has noted the several points which render it impracticable either for the Insurance office or the Court ordering the attachment, to determine the amount which should be attached under the proposed amendment to Sec. 60 of the Civil Procedure Code. Apart from the fact that premium which includes optional premia may at any time be converted into compulsory premium the calculation of the distribution of the amount of the policy with reference to the two kinds of premium and the ~~time~~ period for which it should be held when both are received, becomes hopelessly complex, if not impossible.

If the amendment is adopted and the present procedure of accepting proposals for both compulsory and optional insurance is to be continued, it may be necessary to adopt some arbitrary rule such as, that premium up the limit of the maximum amount for which one should have compulsorily insured will be attained in 5 years or earlier, as the case may be, should be treated as compulsory premium for the purpose of determining the amount of the policy which can be attached. There would of course be recourse to work all round by the Secretary of the Insurance Commissioner can certify that the amount is not one can be paid under the Court attachment, a reference to the Comptroller and a reference by him to the Department in which the Insured served during necessary, perhaps in each case. But for such a rule of adoption of such an arbitrary rule would be found here also to be considered, though from the point of view of the creditor, once he knows that there is such a rule and is aware of his real position he may not have reason to complain

if it is deemed inexpedient on grounds of equity to adopt such a rule the only course open is to rescind the rule permitting optional insurance leaving those who wish to do so to insure in the Public Branch. But insurance in the Public Branch cannot be taken into account in regard to ~~the~~ reserves of companies carrying ~~on~~ premium business and no deduction thereon can be allowed.

Frederick

25-2-25

Please circulate

Lull
25/2/25

25-2-25

20/4640 Rajkiya 8726

Office of the Secretary,
Mysore State Life Insurance Committee,
Bangalore, 21st March 1925.
23.3.25

From

T. Satyaraj Chetty, Esq., B.A.,
Secretary, Mysore State Life
Insurance Committee, Bangalore.

To

Rajakaryaprasakta M.N. Krishna Rao, Esq., B.A.,
Financial Secretary to the Government
of His Highness the Maharaja of Mysore,
Bangalore.

Sir,

Adverting to your No.Fl.5186 dated 19th March 1925, I have the honor to state that the file referred to therein is being circulated to the members of the Committee for their opinion. As soon as the circulation is completed, the file will be submitted.

I have thehonor to be,
Sir,
Your most obedient servant,

24.3.25
Secretary.

CRN/21.

21/3.

G.R.S. VI G 3]

SUBJECT.....

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.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

, *the* *192* .

Date of issue.... 28.5.25

Signed by... Mr. M. A. Rangacha

May this be

i Printed ? Yes

ii treated as a standing order ?

iii published in the Gazette, English Part ? Yes

iv translated ? Yes

v placed at the disposal of the press ?

vi published in the Gazette, Kannada Part ? Yes

Yes

Section G.F.

File No. 36-24

Serial No. 25

Proceedings of the Government of His Highness the Maharaja of Mysore

Read— Letter No.16703 dated 2nd May 1925 from the Secretary, Mysore State Life Insurance Committee, submitting the following Resolution of the Committee passed at its meeting held on 25th April 1925.

Subject.- Consideration of the Report of the Select Committee of the Legislative Council in the matter of amending Clause (p) of Section 60 of the Civil Procedure Code.

Resolution.- Resolved that the Government be moved not to withdraw the protection now afforded to optional insurance.

Order Thereon No. H6452-4/

The amendment of Section 60 of the Civil Procedure Code as recommended by the Select Committee has been approved by the Legislative Council and the continuance of the protection now afforded to the optional insurance of the Official

Official Branch is not, therefore, possible. Optional insurance in this Branch is therefore withdrawn and the Rules may be amended accordingly.

Financial Secretary.

To

The Secretary, Ins. Comte.
The Comptroller to Govt.
The Compiler, Mysore Gazettee
for publication in Part I
of the Mysore Gazette.

List of enclosures.

Copied by

Examined by

WD 1883—GPB—1,000,00—21-12-21